

Message Text

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46

ACTION NEA-12

INFO OCT-01 ADP-00 EA-11 INT-08 AEC-11 GSA-02 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-10 SS-15 STR-08 CEA-02 L-03 H-03 DODE-00 PA-03

USIA-15 PRS-01 RSR-01 /179 W
----- 073897

R 281110Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6417

C O N F I D E N T I A L NEW DELHI 9974

E.O. 11652: GDS

TAGS: BFOL, IN

SUBJECT: REPEAT OF MSG

REF: A)MADRAS 569; B) NEW DELHI 6688

FOLLOWING TELEGRAM SENT ACTION NEW DELHI FROM MADRAS
28 AUG 73 REPEATED TO YOU:

QUOTE

MADRAS 0891

E.O. 11652: GDS

TAGS: BFOL, IN

SUBJECT: KERALA TITANIUM COMPLEX

RXEXW AXX MADRAS 569; B) NEW DELHI 6688

1. IN VIEW ENCOUNTER AT TRIVANDRUM AIRPORT AUGUST 13
WITH GEORGE THOMAS, GOVT OF KERALA ADDITIONAL CHIEF SECRETARY
AND PRINCIPAL FIGURE IN EFFORT TO ESTABLISH A
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TITANIUM PLANT IN KERALA WITH US COLLABORATION, POLITICAL

OFFICER ASKED WHERE PROJECT HEGSD. DESPITE SHARP ATTACKS BY KERALA RULING CONGRESS LEADERS DURING JULY ON INVOLVEMENT OF THAPUR QTE MONOPOLY HOUSE UNQTE IN THIS VENTURE, THOMAS WAS STILL OPTIMISTIC. HE ASSERTED THAT POLITICAL UPROAR OVER THAPURS WAS HEALTHY CATHARSIS THAT ACTUALLY INCREASED CHANCES OF HIS SCHEME (REFTELS) SUCCEEDING. HE CHEERFULLY PREDICTED GOK AND GOI WOULD GIVE GREEN LIGHT IN A MONTH OR SIX WEEKS TO BOTH THAPUR/US PLANT AND PUBLIC SECTOR TRAVANCORE TITANIUM PRODUCTS (TTP) EFFORT, WITH JAPANESE COLLABORATION. IN AN ASIDE, WITH SOME GLEE, HE SAID HE HAD CONFIRMED THAT THE JAPANESE PROCESS WAS ACCOMPANIED BY UNACCEPTABLE LEVEL OF POLLUTION (SULPHURIC ACID), AND HAD BEEN REJECTED BY ALL MAJOR AMERICAN PRODUCERS. IT WAS THUS ALMOST CERTAIN THAT THE PUBLIC SECTOR TTP PROJECT (OF WHICH HE IS CHAIRMAN) WOULD QUICKLY RUN AGROUND, AND THE THAPUR PLANT COULD PROCEED UNIMPEDED.

2. IT WAS THUS WITH SOME SURPRISE THAT WE READ KERALA CHIEF MINISTER ACHUTHA MENON'S STATEMENT TO THE PRESS AUGUST 22 ANNOUNCING A GOK DECISION TO WITHDRAW SUPPORT FROM THE THAPUR PLANT. THIS MAY WELL NOT BE THE LAST WORD, HOWEVER. UNION MINISTER FOR INDUSTRIAL DEVELOPMENT C. SUBRAMANIAM REPORTEDLY TOLD THE LOK SABHA AUGUST 23 THAT "FINAL VIEWS OF THE KERALA GOVT WERE STILL AWAITED."

3. ANOTHER SOURCE (IN KERALA INDUSTRIAL DEVELOPMENT CORP) TOLD US SEPARATELY AUG. 22 THAT PRIVATE SECTOR PLANT WOULD BE DROPPED, BUT SUGGESTED THAT US COLLABORATION IN PUBLIC SECTOR COMPLEX WAS STILL POSSIBLE.

4. A REVIEW OF THE FILES SUGGESTS THOMAS HAS BEEN COMMENDABLY PERSISTENT, BUT CONSISTENTLY OVER-OPTIMISTIC, ON THIS SCHEME. WITH FORMER YOUTH CONGRESSMEN MORE SOLIDLY IN CONTROL OF THE STATE CONGRESS APPARATUS THAN BEFORE, AND SEEMINGLY DETERMINED TO EMBARRASS CPI INDUSTRIES MINISTER T. V. THOMAS FOR INVITING QTE MONOPOLY CAPITAL UNQTE INTO THE STATE, THE PROSPECTS APPEAR TO BE DIMMING.

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UNQUOTE
MOYNIHAN

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